

Food (195⁴⁸) Department.

NB SERIES.

G.O. No. 876

Dated 1-10-1948

[Despatch Abstract.]

Procurement - Paddy and rice - Bonus Scheme 1947 - Recovery of
surcharge - Continuance of the collection of surcharge - Orders
Papers Recorded.

GOVERNMENT OF MADRAS.
Food Department.

MEMORANDUM NO. 33662-D3/48-5 Dated the 10th September, 1948.

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Sub: Procurement - Paddy and rice - Bonus Scheme 1947 - Recovery of surcharge - Continuance of the collection of surcharge - Orders issued.
Ref: Government Memorandum No.37131-A/47-1 Food dated 7-7-47.
G.O.Ms.No.1310, Food, dated 6-12-1947.
From the Board of Revenue (Civil Supplies) No.104926-U5/48-2 dated 26-8-48.

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The Board of Revenue (Civil Supplies) is informed that as the Government of India are not likely to grant the subsidy of about Rs.1.5 crores applied for in respect of the paddy Bonus Scheme of 1947 the Government have decided to continue the collection of surcharge on paddy and rice ordered in paragraph 8 of G.O.Ms.No.1310 Food dated 6-12-1947 till the contribution of Rs.1.5 crores that was expected from the Government of India is fully recouped. The Board is therefore requested to see that the collection of the surcharge is continued and that all arrears outstanding are collected with the least practicable delay.

M.A. Kuttalāhingan Pillai,
Secretary to Government.

To the Board of Revenue (Civil Supplies) Madras.

Copy to all collectors.

Copy to Development Department.

Copy to Finance Department.

Copy to Accountant General, through Finance.

Copy to the Regional Food Commissioner, Southern Region, Madras.

Copy to 'A' Section.

/True Copy/

Note for Circulation.

In order to get over the critical food situation in the Province last year, the Government announced a Bonus Scheme as an inducement to the producers to part with their surplus stocks of foodgrains and thereby give a fillip to the procurement drive. According to this scheme, bonus is to be paid at the rate of Re.1/- per Imperial Maund of paddy delivered by the producers to the procurement agents of the Government during the period 1-12-1946 to 6-12-1947. One half of the bonus is paid to the producers in cash and the other half in the shape of manures such as ground-nut cake, chemical fertilisers and green manures seeds, to be used for manuring the land of the producers and thereby directly increasing the production of food crops in the Province. It was also decided that one half of the cost of the bonus which is being paid to the producers in cash should be recovered from the consumers by an equivalent increase in the retail price of rice and that the other half representing the cost of bonus paid in the shape of manure which is utilised directly in increasing food production should be met by this Government and the Government of India in equal proportions. The Government of India were accordingly requested to bear half the cost of the above food bonus subsidy which came to about Rs.1.5 crores (roundly) according to the calculations then made at the rate of 4 annas per Imperial Maund of paddy. In order to recover the cash portion of the bonus, it was ordered that a surcharge at the rate of 8 annas per Imperial Maund of paddy or 12 annas per Imperial Maund of rice should be collected on the entire stocks of paddy and rice held by the merchants (whole salers and retailers) on 26-7-47 and on the quantity procured by the procurement agents month after month since then.

2. Later, in December 1947, when the wholesale and free on railway prices of paddy and rice were increased by Rs.1-6-0 and Rs.2-0-0 per Imperial Maund respectively, with effect from 7-12-1947, the Government directed that the increase in prices should be collected as surcharge from the millers, wholesalers and retailers on the stocks held by them on the evening of 6-12-47. This amount of surcharge was considered as an unearned profit and it was ordered to be utilised to set off the amount recoverable from the consumers under the bonus scheme.

3. From the latest figures furnished by the Board of Revenue (Civil Supplies) it is seen that a sum of Rs.2,58,24,686-8-2 has been collected up to the end of July 1948 as bonus surcharge on paddy and rice and a sum of Rs.90,49,342 as surcharge due to the increase in price on the stocks of paddy and rice held on 6-12-47. The total of these two items amounts to Rs.3,48,74,028-8-2 against Rs.3,03,51,390-14-0 due to be collected. Thus the amount of surcharge actually collected so far on paddy and rice is in excess of what is due to the Government by about Rs.45.23 lakhs. The Government have therefore, to decide now on the continuance or otherwise of this levy. It is pointed out in this connection that in view of the excess collections and also in view of the fact that the consumers in all the districts except Vizagapatam, Tanjore, Nilgiris and Madras (where the Collections have been completed) will be benefited if the collection of bonus surcharge is discontinued, the Board has recommended that orders may be issued discontinuing the collection of surcharge, with effect from 1-9-48.

4. While deciding the question of the discontinuance of the levy of bonus surcharge, it has to be borne in mind that the Government of India have not given any definite reply or assurance whether they would accept the financial liability in regard to their portion of the bonus subsidy referred to above. The Government of India have sent only an interim reply saying that the matter is still under their consideration and that every effort is being made to expedite a decision. If the Government of India agree to bear their portion of the subsidy this Government may straightaway give up the collection of the surcharge. If on the other hand, they decline to accede to our request, the question will arise whether the entire amount of

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Rs. 3 crores and odd, proposed to be subsidised, should be subsidised by the Provincial Government or whether the moiety due from the Government of India could also be realised from the consumers by continuing the collection of surcharge at Rs.0-12-0 per Imperial Maund of rice for sometime longer. Orders on this point may be obtained in circulation- For orders.

Sd. x x x
2988-1948.

The Hon'ble the Finance Minister Government of India has informed the Hon'ble Premier that the Government of India are not in a position to give the subsidy asked for, chiefly owing to their poor finances and that we will have to shift for ourselves. Hon'ble Premier has made another appeal to the Prime Minister, India to reconsider the decision. It is difficult to say what response this is likely to elicit. No official reply has yet been received but in view of the D.O. referred to above, the chances of our getting any subsidy seem to be remote. The present financial position of our Province is not such as to give up freely 1.5 crores. It will be safer therefore to continue the collection of the surcharge, till we have recouped at least that we should have got from the Government of India under this bonus scheme. The Board may therefore be instructed to continue the surcharge.

Sd. x x x
7-9-48.

Minutes of the Hon'ble Ministers.

Sd. x x x

In future without specifically obtaining in writing the consent of Government of India on financial commitments we should not under take any schemes involving to expenditure.

Sd. x x x
8-9-48

Food (D) Department.

TO A.S.

Please see the orders in circulation and also the minutes of Hon'ble Premier on p. above, with reference to orders at (A) on p. above, a draft Office Memorandum to the Board of Revenue (Civil Supplies) instructing it to continue the collection of surcharge is submitted below for approval.

As regards the minutes of Hon'ble Premier it is submitted for orders whether an extract of the minutes may be given to all sections and officers of this Department and perhaps also to other departments of the Secretariat for information and guidance.

Sd. x x x
10-9-48.

(Issued as Memo. No.33562-D3/48-5, dated 10-9-48).

TO A.S.

With reference to orders at S above in the margin, a draft circular is submitted below for approval.

Sd. x x x
11-9-48.

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(Issued as Circular No.33562 D3/48-6, dated 13-9-48).

Finance (Accounts B)

This file which has been obtained in another connection may be returned to Food.

Sd. x x x
23-9-48.

Food (D) Department.

TO A.S.

Notes of the Finance Department at the bottom of p.2 above may be perused. This file was sent to them for perusal as desired by them.

2. The papers may now be recorded as G.O.Ms. and the progress regarding the collection of surcharge of paddy and rice may be watched in G.O.No.59438/47, For Orders.

G.O.Ms.No.876, Food dated 1-10-1948.

Subject:

Procurement - Paddy and rice -
Bonus Scheme 1947 - Recovery
of surcharge - Continuance of
the collection of surcharge -
Orders - Papers Recorded.

Sd. x x x
29-9-1948.

/True Copy/

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A. Thiagarajan
12.12
Office Assistant,
MADRAS RECORD OFFICE.. *Pr*
11/9/12 *9/12*